

AD-A222 369

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EUROPEAN COMMUNITY, POST-1992

BY

LIEUTENANT COLONEL DAVID C. FOUNTAIN, TC

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REPORT DOCUMENTATION PAGE		READ INSTRUCTIONS BEFORE COMPLETING FORM
1. REPORT NUMBER	2. GOVT ACCESSION NO.	3. RECIPIENT'S CATALOG NUMBER
4. TITLE (and Subtitle) EUROPEAN COMMUNITY, POST-1992		5. TYPE OF REPORT & PERIOD COVERED Final Study Project
		6. PERFORMING ORG. REPORT NUMBER
7. AUTHOR(s) Lieutenant Colonel David C. Fountain		8. CONTRACT OR GRANT NUMBER(s)
9. PERFORMING ORGANIZATION NAME AND ADDRESS U.S. Army War College Carlisle Barracks, Pennsylvania 17013		10. PROGRAM ELEMENT, PROJECT, TASK AREA & WORK UNIT NUMBERS
11. CONTROLLING OFFICE NAME AND ADDRESS U.S. Army War College Carlisle Barracks, Pennsylvania 17013		12. REPORT DATE 6 April 1990
		13. NUMBER OF PAGES 37
14. MONITORING AGENCY NAME & ADDRESS (if different from Controlling Office)		15. SECURITY CLASS. (of this report) Unclassified
		15a. DECLASSIFICATION/DOWNGRADING SCHEDULE
16. DISTRIBUTION STATEMENT (of this Report) DISTRIBUTION STATEMENT is: Approved for public release; distribution is unlimited.		
17. DISTRIBUTION STATEMENT (of the abstract entered in Block 20, if different from Report)		
18. SUPPLEMENTARY NOTES		
19. KEY WORDS (Continue on reverse side if necessary and identify by block number) EC-92 European Community		
20. ABSTRACT (Continue on reverse side if necessary and identify by block number) This study discusses the possible nature of the European Community in the 1990's and early twenty-first century as a result of the EC-92 commitment. Beginning with a brief modern history of the European Community and the EC-92 commitment, the characteristics of the European Community are stated. Considering the influence of the events of 1989, the impact of the EC-92 commitment is assessed on the military, political, economic, and social elements of power. The study concludes that EC-92 will occur and may have significant impact on the future of NATO and the basis for military alliances. (over)		

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USAWC MILITARY STUDIES PROGRAM PAPER

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EUROPEAN COMMUNITY, POST-1992

AN INDIVIDUAL STUDY PROJECT

by

Lieutenant Colonel David C. Fountain, TC

Professor Donald M. Snow
Project Advisor

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U.S. Army War College
Carlisle Barracks, Pennsylvania 17013
6 April 1990

ABSTRACT

AUTHOR: David C. Fountain, LTC, TC

TITLE: EUROPEAN COMMUNITY, POST-1992

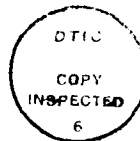
FORMAT: Individual Study Project

DATE: 6 April 1990 PAGES: 34 CLASSIFICATION: Unclassified

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EUROPEAN COMMUNITY, POST-1992

CHAPTER I

INTRODUCTION

The revolution of 1989, referring to the political upheaval in Eastern Europe, has created excitement and expectations for a changing world order. One of the many forces involved in these changes concerns the influence of, and the impact upon, the European Community and its goals for a European free market by the end of 1992. EC-92 can be expected to be significantly involved in the political and military, as well as the economic and social, events of the last decade before the year 2000. Each day that new military force reduction proposals are made and each moment a former communist country takes a step in the direction of democratic government creates profound possibilities for the future world order. The evolving European community in the midst of this fast changing world creates expectations for a new world order.

INTEREST IN EC-92

Until 1987 the question of whether something called EC-92 would ever happen may have received only pessimistic or negative responses. But with the passage of the Single European act in 1987 and the subsequent public relations effort by the Economic

Community Commission, EC-92 attained greater public awareness.¹ The revolution of 1989 has done much to draw attention to EC-92 as dialogue between a potentially unified West and fragmented East Europe intensifies. In 1990, one senses that more and more people feel a need to know more of EC-92. It is not going away. People are talking of it and the interest in what it really is and means has increased.

Will EC-92 happen? Yes. The determination for EC-92 success was reaffirmed in November 1989 in the midst of the rapid changes in Eastern Europe. Reacting to these changes in a hastily called special summit meeting of the Economic Community, the heads of state of the European Community nations demonstrated common resolve to reach agreement on Eastern Europe support, temporarily setting aside any other individual concerns.² The issue now surrounding EC-92 is not if will happen, but rather, how pervasive will its influence be? What impact or effect will it have on the military, political, economic, and social relationships that have existed heretofore? After briefly describing the history and some characteristics of the European Community, this study will discuss some of the ramifications of this organization and describe its possible influence.

TERMINOLOGY

In this study the European Community (EC) will refer to the group of nations organized as the EC as of 1985 and will have the same meaning as the European Economic Community, to which

reference may be made in supporting literature. The EC is also synonymous with the Common Market, the name by which the EC was originally called, and is still called by some. The European Community Commission, or the Commission, refers to the "chief administrative organ"³ which provides executive management for and acts as spokesman of the European Community. EC-92 is the label given to the desired state of the European Community at the end of 1992.

ENDNOTES

1. Laurent, Pierre-Henri, "The European Community: Twelve Becoming One," Current History, November 1988, p. 394.

2. Cody, Edward, "Western Europe's Leaders Present United Front," Washington Post, 19 November 1989, p. A17.

3. Goshko, John M. and Edward Cody, "NATO Ministers Agree On New Political Role," Washington Post, 16 December 1989, p. A26.

CHAPTER II

BACKGROUND

To appreciate the influence of the European Community in the next decade and century, it is helpful to begin with a brief summary of its modern history and resulting form as preface to its likely evolution after 1992.

HISTORY

The current status of the European Community is most directly influenced by those steps begun in 1945 to revitalize the European economy after World War II. The desire to have a common market of European countries was the promise of the subsequent Treaty of Rome signed in March 1957.¹ The signatories of the Treaty, Belgium, France, Italy, Luxembourg, the Netherlands, and West Germany, struggled throughout the 1960's to define the union in terms of economic cooperation and political structure and strength. In December 1958, in the European Community's initial major unified action, tariffs were first lowered.² Agreement was reached in January 1962 to establish a common price policy on some agricultural products.³ Nevertheless almost constant debate continued on the degree of political influence desired for each member of the Common Market and the entry of England and other countries into the union. Agreements

of the 1980's to establish a target date of 1992 for implementation of specific proposals were attained through diplomacy within, and by the political will of, the Community and have heightened interest and energy to meet the common market goals.

During the 1980's a number of significant events occurred which gave the European Community additional energy to define specific goals with which to increase its ultimate potential. At the Milan summit of the European Council in 1985, the member states agreed to establish a specific date, 31 December 1992, as that date when a true common market, free of physical and technical barriers, would exist.⁴ Thus EC-92 became the label for those goals which the European Community determined necessary for the desired free European market. Also in 1985, the member states drafted a white paper which defined over 300 specific issues which required resolution before the desired Common Market of 1992 could really exist.⁵ These resolutions, each to be articulated in legislative language, would provide member countries with standardized processes and technical requirements for economic products and services within the European Community. A subsequent action in 1987, the approval of the Single European Act by the national legislatures of each member state, committed each state to the European Community and its goal of a unified market free of internal barriers to trade.⁶ A key feature of this act was the elimination of unanimous ratification required of directives, thus allowing a majority of member nations to establish directives.⁷

Why an agreement for unified action by various national powers was reached at this time is subject to conjecture. It was probably due to a number of "interrelated events".⁸ Technology development in the world was catching the attention of business. The Japanese were knocking on doors, if not to buy something, to sell something. Europeans had been out of war for forty years, and were beginning to feel good about themselves.⁹ Europeans had recovered from the destruction of World War II to realize a high standard and quality of living that no longer caused them to feel inferior to Americans. They were naturally inclined to have a more significant part in technological and economic development in the world. Apparently they concluded that unity of effort was the surest way to achieve the greater prosperity desired by each individual nation, and that EC-92 was the most probable mechanism to satisfy the goal.

Throughout history significant world events are often associated with key individuals. For instance, Gorbachev will surely be recognized as the catalyst for change in the Soviet Union, just as Karl Marx was decades ago. George Washington was a significant figure in the development of the United States. The European Community may look to two individuals as instrumental in the development of the European Community. Jean Monnet, a Frenchman by birth, is considered the father of the Common Market, for it was his dream and perseverance which resulted in the treaty of Rome.¹⁰ Decades from now, one may identify Jacques Delors, as the key individual, succeeding Monnet, in the European Community that renewed the spirit and

provided the organizational leadership to remove the issues that were inhibiting trade within the European Community.¹¹ He has been recognized for his apparent success in his role as president of the European Community Commission by his selection for a second four-year term. Mr. Delors first term as president began coincidentally, in 1985, with the commitment for action by the member nations. Prior to the end of the second term he should be able to realize the fruits of his labors as EC-92 attains reality.

CHARACTERISTICS

The European Community has grown to include twelve member nations. Adding to the original six members (Belgium, France, Italy, Luxembourg, the Netherlands, West Germany), Denmark, Great Britain and Ireland joined in 1973, Greece joined in 1981, and in 1986, Portugal and Spain became members.¹² Once concerned with an awesome communist threat, terrorism, political coups, and recession, the community membership seems to be rising above those concerns with new energy to form a viable economic union.

A terminology has been developed to identify the probable European Community nations as the organization grows. EC-12 now refers to the twelve member nations.¹³ The inertia of success in the European Community has created a stir among other nations for membership. Later in this study the possibility for EC-15 and EC-18 will be discussed.

The EC-12 has significant economic power. In 1992 they will have an internal market of about 325 million, exceeding the United States (249 million) and Japan (123 million).¹⁴ If the European Community expands to 15 or 18 nations, the growth of the market easily outdistances that of other nations. Gross Domestic Product (GDP) is often used in economic literature to measure the wealth of the market. The GDP "expressed in current United States dollars gives a good estimate of a country's or region's purchasing power in the international market."¹⁵ The EC-12 Gross Domestic Product was estimated at \$4.3 trillion in 1987, essentially identical to that of the United States (\$4.4 trillion) and almost twice that of Japan (\$2.4 trillion).¹⁶ These two measures of market population and wealth indicate both the breadth and the depth of the markets internal to these nations. The European Community, as a group of nations, is certainly competitive with the United States and Japan. It seems poised to take advantage of its economic power and can be expected to exert its influence, and possible leadership, in years to come.

ENDNOTES

1. Bromberger, Merry, and Serge Bromberger, Jean Monnet and the United States of Europe, p. 176.
2. Ibid, p. 302.
3. Ibid, p. 248.
4. Laurent, Pierre-Henri, "The European Community: Twelve Becoming One," Current History, November 1988, p. 357.
5. Ibid.
6. Ibid.
7. Higgins, James M. and Timo Santalainen, "Strategies for Europe 1992," Business Horizons, July-August 1989, p. 55.
8. Laurent, p. 357.
9. Redman, Christopher, "Charging Ahead," Time, 18 September 1989, p. 42.
10. Bromberger, p. 9.
11. Higgins, p. 55; Redman, p. 43.
12. "European Economic Community," The Encyclopaedia Britannica, Micropaedia, 1986, Vol. 4, p. 606.
13. Vandermerwe, Sandra and Marc-Andre L'Huillier, "Euro-Consumers in 1992," Business Horizons, January-February 1989, p. 34.
14. Ibid., p. 35.
15. Ibid., p. 40.
16. Ibid., p. 35.

CHAPTER III

STRUCTURE

As previously mentioned, the European Community in 1992 will be composed of twelve nations, the EC-12. There is such great interest in the European Community that other nations are now seriously considering applying for membership. There are no formally specified barriers to application for membership. However, although not specifically defined, the effective criteria for membership would seem to be first, to be European, second, to have some market economy experience, and third and most important, to accept the legislated provisions of the European Community for fiscal, technical, and physical standards.¹

WEST EUROPEAN CANDIDATES

Given the presumed membership requirements, the countries of Austria, Norway, and Sweden have shown interest in, and have been mentioned for, probable membership in 1995, at the earliest.² Norway and Sweden seem divided between neutrality and membership in the European Community. Norway recently considered European Community membership in a referendum and rejected membership. A Swedish student at the Army War College stated that his country favored maintenance of neutrality instead of

European Community membership. Of the three nations, Austria appears the most likely to join in the 1995 time frame.

By 2000, Iceland, Finland, and Switzerland have been mentioned as potential members.³ Of these nations Finland would seem to be the least likely, primarily because of the nature of its association with the Soviet Union.

OTHER REGIONAL POSSIBILITIES

Three aspects of the structure of the European Community pose interesting subjects for debate. One is the aspect of an associate membership in the European Community.⁴ Candidates for associate membership come from some of the neutral European nations or those that have close ties with the European Community members. Many of these potential associate members currently are members of the European Free Trade Association (EFTA) including, Austria, Finland, Iceland, Norway, Portugal, Sweden, and Switzerland. Most of these were discussed previously as potential formal European Community members. Thus it may not be that improbable that a secondary, or associate, status might be arranged for some countries that do not, or are unwilling to, meet all requirements of formal European Community membership. It is conceivable this associate grouping may even be called the EFTA in the future.⁵

The second aspect of the future European Community structure is the subject of the Eastern European countries. The revolution of 1989 has given new hope for democratic political

structures as well as market oriented economies in Eastern Europe. If these countries can sustain themselves, first in the difficult transition to market economic structure, and then mature to be basically self-reliant with established industry and trading partners, they certainly become significant in the development of the economic world. Some relate the potential outcome of events to the Europe of the Hapsburg Empire or even of Charlemagne.⁶

Because of their proximity to the European Community, the Eastern European countries are obvious candidates for exploitation by the European Community. The European Community is in a position first to aid the economic nourishment of the Eastern European nations, and then to use those growing markets to increase European Community wealth. The European Community is in a similar position relative to the Eastern European nations as the United States was to Western Europe at the end of World War II. The Western European economies may have suffered from war damage while the Eastern European nations have suffered from communism, but the same kind of historical and cultural ties exist, which foster a concern to help the suffering to achieve success. To demonstrate its concern the European Community has become the coordinator for aid to Eastern Europe.⁷ As EC-92 becomes a reality, the power it has to influence and shape Eastern Europe is tremendous.

Will Eastern European countries become members of the European Community? It certainly is possible, but it is also too early to predict such an event. One must recall the presumed

requisites for membership. The political structure of the Eastern European countries has not yet been decided. Their economies must turn about and be restructured. It would seem that any serious discussion of European Community membership will probably not occur before year 2000, and that membership would follow a decade or more later.

The final interesting aspect of European Community structure is the status of the United States. One might say that much of the reason for the existence of the European Community is due to the economic assistance and support rendered by the United States in the years immediately following World War II. If that is the case, would the European Community consider embracing the United States in the European Community? Probably not. There is no indication that the European Community will solicit the United States to join the European Community, or that the United States would solicit membership in the European Community. The international aspect of many corporate businesses is the most viable connection currently between the two bodies.

A more likely scenario would be the joining of the North American nations, United States, Canada, and possibly Mexico as an entity in competition with the European Community. Likewise, a group of Pacific Rim nations, Japan, Korea, Brunei and Singapore could form an Asian community. Both formally, as demonstrated in bilateral trade agreements between the United States and Canada, and informally these relationships exist already. They just may not yet be as comprehensive or formal as the agreement that is binding the European Community together.

Beyond year 2000, the world could easily have three economic superpowers, developing technology, sharing trade, and competing for market share with each other, but hopefully each with an inherent strength that supports itself and upon which the others depend.

Thus the European Community should not be expected to expand beyond Europe, but may be the catalyst for the next generation of economic partnerships.

ENDNOTES

1. Cody, Edward, "Western Europe's Leaders Present United Front," Washington Post, 19 November 1989, p. A17.

2. Vandermerwe, Sandra and Marc-Andre L'Huillier, "Euro-Consumers in 1992," Business Horizons, January-February 1989, p. 34.

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4. Hormats, Robert D., "Redefining Europe and the Atlantic Link," Foreign Affairs, Fall 1989, p. 80.

5. Revzin, Philip, "Fast-Changing House of Europe Defies Single Blueprint," The Wall Street Journal, 22 February 1990, p. A10.

6. Apple, R. W., "The New Europe: Will It Come Apart As It Comes Together?" The New York Times, 23 November 1989, p. A16.

7. Cody, Edward and John Goshko, "24 Democracies Approve \$1 Billion In Aid to Poland," Washington Post, 14 December 1989, p. A41.

CHAPTER IV

IMPACT

The evolution of the European Community is certain to effect the world balance of power. The potential impact on the military, political, and economic elements of power are significant with a lesser effect expected on social elements.

MILITARY

The potential military impact of the advent of EC-92 is uncertain and complex. It could conceivably cause a lesser, or different, role to be played by the North Atlantic Treaty Organization (NATO).¹ A change in military emphasis in the Soviet Union as a result of Conventional Forces in Europe (CFE) negotiations may reduce the amount of tension between East and West. The regional skirmishes in the Middle East, Southeast Asia, Africa, and Central America are certain to draw the attention of the greater world powers in some political, economic or even military way. Each of the issues must be addressed as a function of the impact of the economic power deriving from EC-92.

Role of NATO

NATO is likely to assume a more political role, rather than military role, in the opinion of the diplomatic leadership of the NATO nations.² At the root of many of the political discussions among the NATO members may be the economic issues that generate from EC-92 or, more significantly, those that are avoided in the Economic Community.

Of the EC-12, all except Ireland, are members of NATO. Five nations (Canada, Iceland, Norway, Turkey, and the United States) of the sixteen NATO members are not members of the European Community. The United States and Canada have strong economies and are certainly going to have an impact on the European Community as much as the European Community will effect the North American countries. As long as NATO exists, and these countries are not European Community members, the NATO forum provides an excellent opportunity for discussion of economic, and political and social, issues that might arise.

The proximity of the other three countries, Iceland, Norway, and Turkey, to the Soviet Union makes them of significant importance in the future of NATO. Two of the countries, Norway and Turkey, are the only NATO nations that actually share borders with the Soviet Union. These three countries border the prime waterways which give the Soviet Navy access through the North Atlantic, near Iceland and Norway, and the Mediterranean, through the Dardanelles and Bosphorous of Turkey, to the oceans of the world. The Soviet Union has always been the adversarial focus of

NATO attention. The European Community is surely not to lose sight of the fact that these three non-European Community nations have significant military import as long as there is any perceived or potential threat to NATO nations.

It would seem reasonable that favorable economic relations will be maintained between these five nations and the European Community. The United States and Canada provide good markets for European goods and certainly provide military forces with which the Europeans would want to be aligned. The European Community can provide Iceland, Norway and Turkey economic stability, which allows them to maintain military forces which may be critical to the defense of Europe and thus of interest to the European Community nations.

Another possibility exists that the European nations may place a greater emphasis for defense in the Western European Union (WEU). The WEU is an existing organization of European nations which has the purpose of defense of Europe. From a European perspective, the American tendency to respond militarily to potential Soviet actions, is a potential reason to de-emphasize the role of NATO.³ The EC-92, CFE, and developments in Eastern Europe may cause the WEU to assume a more active role in European defense, regardless of the emphasis of NATO.

Developments in the Soviet Union

The changes in the Soviet Union give rise to the hope that democracy may eventually be a dominate force politically in that

country and that the economy may become market oriented. However, evening news broadcasts and the written media frequently mention food and other consumer goods shortages there. Unrest in Lithuania and Azerbaijan cause doubt to whether the changes encouraged by Gorbachev can actually occur. The situation appears so unstable that caution must be the key word in watching developments in the Soviet Union.

One can surmise that the European Community had some impact in the events of 1989 in Eastern Europe and the Soviet Union. Public communications undoubtedly spread the word of rising European standards of living. It transmitted news of unrest among the Eastern European countries. As the Soviets and Eastern Europeans heard the news and realized the differences in the economies of East and West, revolt and calls for different courses of political and economic action have become common.

Additionally, the negotiations of CFE influence the political environment and have been influenced by economics. The impact on the economies of the United States and the Soviet Union due to the large expenditures for military goods during the Cold War has caused economic concern in those countries. If military expenditures can be reduced, more money can be channeled into private sector programs. For the European Community, any reduction in arms enhances the European economic position by also allowing greater concentration of its economic power in the private sector,

If the Soviet economy can provide the goods and services to the people, if the political differences in the various regions

of the Soviet Union can be resolved, and if the CFE talks result in arms reductions, then Westerners might feel more confident that a stable relationship with the Soviet union can be maintained. In early 1990, whether one considers the historical threat the Soviet Union has posed to Western Europe and the West, or the instability of political and economic change, it would seem that a threat to NATO still exists. The degree of stability in the East can have an impact on the future of the European Community positively or negatively. Positively, a future of economic growth exists with markets opening is a stable Eastern Europe. Negatively, an unstable Eastern Europe can cause continued or increased military expenditures which could divert funds to the government sector and slow European private sector economic development.

Regional Conflicts

The European Community can be a forceful agent in dealing with third world nations or those less economically and militarily powerful nations involved in regional conflicts. The unity of the European Community nations could diffuse some of the regional tensions because of historical or bilateral relations the European Community members may have with the less powerful countries. For example, the colonial relationship the British and French established with now independent countries in Africa and elsewhere, provide political linkages to those countries and regions which could be influential in time of tension. The

European Community could become a powerful mediator in regional conflicts because of the diversity of these relations and the economic power that it could use to either support or undermine the lesser nations. The European Community can be influential in supporting financial or economic aid to developing countries to preclude strife that may lead to tension or crisis. In a multipolar world, as the bipolar US-USSR confrontation diminishes, the potential influence of the European Community nations increases with its wealth.

POLITICAL

Politically, some radical developments seem possible from the European Community unity. Each of the European Community members has specific interests, its own heritage and culture, which form its national interests. Membership in the European Community must necessarily subordinate some of those national interests to the interests of the region. The expectation of each nation in joining the European Community must be that it will benefit more as a member of the European Community than if it retained its individual, independent status. In other words, what is to be gained will outweigh the losses. If the countries subordinate many of their customs, including their national currency, to that of the European Community, is it not so unreasonable to anticipate that other national interests may eventually be subordinated?

This is not to suggest that establishment of a European currency is a simple task. But some mechanisms are already in place which facilitate a single European currency. The European Monetary System, based on the West German mark, provides a linkage between ten currencies. And although the British are not a formal part of the System, interest rate adjustments reflect the changes in currency value. Additionally the European currency unit, or ecu, based on nine European currencies is being used, albeit minimally, by some European corporations.⁴ The issue of a common currency is on the European Community agenda for discussion, with France as a strong advocate.⁵ It is an issue, that on one hand if it is adopted, indicates the power of the unifying of Europe. Those who advocate it understand that it requires a process with interim steps, that it cannot be instantaneous.⁶ On the other hand, a common currency is not necessary to have an operating economic market.⁷ The jury is still out, and may be for some time, on the issue of a common currency.

Based on the economic bonds of EC-92, the next step may be the political federation of European nations, something similar to the United States of America. In North America in the 1500's and 1600's a number of colonies existed each with their own heritage. By 1800 they had subordinated some of their colonial interests to those of a region. They became a nation with national interests, but with the colonies, and later states, retaining certain rights and responsibilities.

Some would say the analogy of the United States of Europe to the United States of America is flawed primarily because the United States of America at its formation had not developed the strong culture, language, and heritage differences that exist in Europe today.⁸ But the European Community took a very significant step to diminish national interests by establishing the principle of majority agreement in the passage of the Single European Act. At the end of 1987, the European Community had eliminated some of the issues explicit in its goals from the 1985 white paper, and resolved about 107 of the remaining almost 300 issues identified to achieve its envisioned economic goals.⁹ Although the more difficult issues certainly remain, progress continues, and if similar compromises continue, the possibility for other agreements that politically unify the nations of the European Community become more probable. If EC-92 becomes the vibrant economic engine that it has the potential to be, maybe Jean Monnet's dream of a United States of Europe with political unity also, might finally come true.¹⁰

ECONOMIC

The dominant issue of concern for the economic impact of EC-92 is protectionism.¹¹ Protectionism is the idea of a Fortress Europe, wherein the nations of the European Community have free trade across their mutual borders, but raise trade barriers to those countries outside the European Community.¹² Such trade barriers exist now. The three largest economic powers,

US, Japan, and the EC have continuing negotiations that involve the raising and lowering of trade barriers in the form of tariffs or the subsidizing of industries to enhance their own particular economy. Such exchanges are certain to continue.

The economic powers realize that many of these barriers have a boomerang effect. If one country raises a tariff on one good, the other country reciprocates on another good. The forces of the market on interest rates and financial exchange rates influence much of the game of economics. Each economy will try to be better than the other. Ironically, each economy may depend on the other.

If there is a Fortress Europe, there is likely to be a Fortress Japan and Fortress United States. The world could take on a new dimension with economies of such large scale. If they cannot survive in a mutually negotiated existence, the weak will fall. Let us hope that only economic force and a reduction of trade barriers are applied to resolve the results of such a conflict of interests.

Many would ascribe that the unity of the European Community is crucial to its survival in that cooperation of the membership will preclude a lag in high technology growth.¹³ High technology refers to the advances in communications, information, and related services which has revolutionized Western economies.¹⁴ The very essence of this revolution in communications and information transfer infers an international dialogue for the exchange of the technology used.¹⁵ Consequences of the failure to participate in this high technological revolution is

manifested in the demise of the Soviet economic system.¹⁶ The same rationale provides incentive for the European Community to become fully unified, to avoid the independent courses which could might lead to economic decay. The exchange of knowledge among member nations encouraged by EC-92 is certain to enhance the growth of the Community. The real test may be the ability of the European Community, and other regional economic forces, to maintain over the future years a technological exchange with each other.

Another economic issue of interest is the creation of a central bank. The use of a common currency, previously mentioned, could be included as an element of the central bank issue.¹⁷ If the United States Federal Reserve System bank serves as a type model, some adjustments are likely.¹⁸ Currently the German Bundesbank functions in a preeminent role to establish and control policies of the European Monetary System.¹⁹ Jacques Delors has pushed for a central bank with the idea to intensify monetary cooperation in the European Community.²⁰ If and when the central bank evolves, it will likely evolve slowly in stages, and be subject to extreme political compromise on the members, while subsequently strengthening the political union.

United States military forces forward stationing in Europe provides stimulation to European Community economies. The United States personnel and organizations purchase goods and contract for goods and services that enhance European commerce and industry. If CFE negotiations result in significant United

States troop withdrawals, this act can diminish the robustness of the European economies just as EC-92 gets officially started.²⁰

The European Community could have significant impact economically on developing countries. The European Community is already committed to providing aid to Hungary and Poland as they attempt to develop new market oriented economies.²¹ The financial robustness of the European Community will certainly solicit from needing countries some type of trade agreements or financial investment. The European Community can be expected to invest its capital in viable economic development projects. It is in those countries that additional markets exist to be exploited.

SOCIAL

The probable social impact of EC-92 is the bringing together of the people of Europe. There will be fewer constraints to travel in Europe as border restrictions come down and currency values are stabilized, or if only one European currency exists. The standardization of professional and industrial requirements will have a unifying influence as previously national products become more widely consumed. The people of Europe will still have their individual heritage, not unlike the regional differences of the United States, but the common bonds can be developed.

There are national customs in the United States, yet there are regional customs and state laws which define a uniqueness to

each part of the United States. Those differences sometimes breed conflict. Indeed the United States fought a Civil War in part over different practices in various parts of the country. Today any differences are routinely argued in legislative halls or the press, and resolved in a voting booth.

Similarly, the European Community will have its various differences. But it should not surprise too many if the social fabric of the various nations in the European Community becomes woven into a European blanket. Social tensions will exist, but as the economic benefits pervade the Western European continent, so will the social issues become more uniform throughout the countries.

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CHAPTER V

CONCLUSION

The European Community will fulfill its commitment of EC-92 to establish a free market among the member nations. The force of the combined efforts of the member nations has created such momentum since 1987 that for a single nation to resist changing would only cause it to suffer a minority role in the global market.

The potential for more democratic nations and for free market economies in the countries of Eastern Europe presents the European Community with a challenge and an opportunity. The challenge is through economic aid and political support to nurture the development of the Eastern European countries to an independent and self-supporting position. Achieving that presents the European Community with tremendous opportunity for market development in Eastern Europe and the subsequent strengthening of the European Community economy.

From a military aspect, the European Community will cause NATO to reevaluate its purpose and may result in a new political emphasis for NATO, or may cause other military alliances to assume new form and importance. NATO could become the political forum for discussion of those political and economic issues which distinguish the differences in European Community and NATO membership, while the Western European Union, in lieu of NATO,

assumes a greater role in the European view for the defense of Europe. With the expectations of force reductions in Europe resulting from the CFE negotiations, the European Community may have to assume a greater expenditure of funds for European defense, or it may be able to redirect some of its economic resources into the development of its economic infrastructure.

Socially, the intermingling of customs will be enhanced with the reduction of constraints on travel of people and goods. The standardization of professional and industrial requirements will make it easier for the various peoples of Europe to move and live in a more affluent society. As the social differences are reduced, the opportunity for political union increases.

Politically the European Community could develop into a confederation of nations, evolving from the relationships developed from economic cooperation. The subordination of national interests might seem a difficult concept to comprehend, but the European's long experience in relating with each other in peace and war may provide reason for so doing. Certainly the economic initiatives of EC-92 will cause some national economic mechanisms to be compromised. It may not be too surprising some day in the twenty-first century to realize the same type of compromises politically and that an economic and political superpower exists in one entity, Europe.

The commitment to EC-92 has the potential to create a new world order in the twenty-first century. The economic and political changes in Eastern Europe have provided opportunities for the Economic Community to seize. With further commitment and

cautious, prudent determination the European Community has the potential to be an economic superpower, with consequent leadership in world politics.

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